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SECURITY INFORMATION

28 October 1952

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## **CURRENT INTELLIGENCE DIGEST**

**Office of Current Intelligence**

**CENTRAL INTELLIGENCE AGENCY**

This digest of significant reports has been prepared primarily for the internal use of the Central Intelligence Agency. It does not represent a complete coverage of all current reports received. Comments represent the immediate views of the Office of Current Intelligence.

**DIA and DOS Reviews Completed**

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#### SOVIET UNION

1. Moscow times Peace Congress to prevent ratification of Bonn-Paris treaties: The East German press has recently announced a decision of the International Initiative Committee to hold a Conference for the Peaceful Solution of the German Question in Berlin on 8 November.

American officials in HICOG believe that the scheduling of the conference for early November along with the Peace Congresses to be held in Vienna and Berlin indicates that Moscow is attempting to time the international conferences so that they will have maximum influence upon the Bundestag and French Assembly debates on ratification of the Bonn-Paris treaties. The American authorities also feel that Moscow is probably withholding its reply to the last Western note on Germany so that it can be used as fresh ammunition at the conference in Berlin. (R HICOG Berlin BN-1014, 21 Oct 52)

Comment: Other political sources indicate that the Kremlin will continue its efforts to prevent or delay ratification of the Bonn-Paris treaties. Recent French and German reaction to the treaties may have fanned these hopes so that further diplomatic and propaganda tactics would still be timed for maximum efficacy in Germany and France.

#### EASTERN EUROPE

2. Yugoslav-Macedonian "diversionists" group reportedly liquidated in Bulgaria: According to a Macedonian-language broadcast from Sofia, the Bulgarian People's Militia discovered and liquidated a Yugoslav-Macedonian "group of diversionists" in southwestern Bulgaria on 21 October. (R FBIS Ticker Sofia, 25 Oct 52)

SECRET

SECRET

Comment: There have been frequent indications that both Yugoslavia and Bulgaria are conducting espionage and subversive operations as well as extensive propaganda campaigns in the Macedonian area. On 10 October an unusually pointed Macedonian-language broadcast from Sofia noted that "the moment has arrived" when Yugoslavs must act boldly and resolutely in order to "destroy the cruel fascist regime and liberate Yugoslavia from imperialist enslavement."

Although numerous trials of Yugoslav spies and saboteurs have been conducted in Bulgaria during the past several years, official announcement of the militia's "liquidation" of a diversionist group is unusual.

3. Czech Ministry of National Defense reportedly begins expansion of women's auxiliary reserve: The Czech Ministry of National Defense is beginning the extensive training of women for wartime work as medical personnel, air-raid wardens, telephone and teletype operators. Czech Communist Party organizations have been ordered to select groups of women from technical and trade schools and certain industrial installations for training, after which they will receive reserve ranks equivalent to non-commissioned officers.

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Comment: For at least two years Czech women over 16 years of age have been recruited for military service. An extensive recruiting program is believed to have been started last summer.

The women are given five to six months' schooling which includes training in light weapons, driving and radio, after which they receive sergeant's ratings. Members of the women's auxiliary wear military uniforms and are subject to military discipline. It has been reported that recruits must agree to serve for five years. In addition to military hospital and office work, the women's auxiliary furnishes recruits for the Secret Police and Counter-Intelligence Corps.

4. Hungarian party prepares to apply Soviet Party congress principles to Hungarian conditions: The Hungarian Workers Party Central Committee on 23 October elected an eight-man committee "to examine the documents" of the Soviet Party Congress "and draw the necessary conclusions for their application in the various fields of party work and state

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activities." The committee includes the delegates to the Moscow congress, the chief party theoretician, and two agricultural ministers.

The US Legation at Budapest believes that the Hungarian Party Politburo probably will be replaced by a Praesidium and the party rechristened the Communist Party of Hungary. The Legation also speculates that collectivization will be stepped up and that economic relations with the USSR and the Orbit will be strengthened. A party congress is likely to be called on 1 March, according to the Legation. (S Budapest 369, 25 Oct; R Budapest 368, 25 Oct; R FBIS Budapest, 24 Oct 52)

5. New effort made to discredit VOA and RFE in Poland:  
In a new effort to discredit the Voice of America and Radio Free Europe, Polish propaganda organs have been disseminating a story that VOA and RFE transmitting stations in Germany have been placed under the supervision of the German authorities. The source of this story has been described as the American Consul General in Munich.

According to some of the charges, RFE will clear its manuscripts in the future with German authorities in order to screen out anti-German tendencies, and the neo-Nazi authorities in Bonn will censor RFE scripts. (C Warsaw 211 and 222, 22 and 24 Oct 52)

Comment: Considerable emphasis has been given to this line of attack against VOA and RFE since its inception. Undoubtedly it will cause some listener confusion and create doubt as to the "objectivity" of these programs.

6. Third quarter plan fulfillment announced in Rumania:  
The Rumanian Government has announced that the economic plan for industry in the third quarter of 1952 has been fulfilled by 100.3 percent. Over-all industrial output increased 25.1 percent and labor productivity was up 12.2 percent over that for the third quarter of 1951, while investments are said to be 28.6 percent more than for the corresponding period of 1951.

All Ministries exceeded their goals except those of the Coal Industry, Rural Economy and Local Industry, Food Industry, and the Meat, Fish, and Milk Industry. Production of coal, cement, bricks, and milk products failed to reach

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set goals, but the amount of metallurgical coke, small diesel engines, electrical equipment, agricultural machinery, and coal-cutting hammers produced was far above the plan, according to official figures.

Grain collections were said to have greatly exceeded those of the third quarter of 1951. (R FBIS Bucharest, 23 Oct 52)

Comment: Gross industrial output in the third quarter exceeds for the first time this year the goals required to meet the 24.5 percent increase called for in the over-all 1952 plan. The rate of growth in investments was considerably less than the 40.6 percent figure given for the second quarter.

The coal and food industries continue to show unsatisfactory progress, as they have all year. A separate Ministry of the Coal Industry was set up in August, and the Ministry of the Food Industries was divided in September as the regime attempted to improve their performance.

Although no plan fulfillment figures are given for grain collections, the claim that much more was collected this year than last suggests that considerable pressure has been used. Peasants with small and medium holdings have subsequently had to be granted allowances in their delivery quotas because of bad weather conditions.

7. Bulgarians request information of Yugoslavs on use of Iron Gates Canal: The Bulgarian Embassy in Belgrade has asked the Yugoslav Foreign Ministry for information on the sums owed by the Bulgarian river shipping to Yugoslav river agencies for use of the Iron Gates ship canal. The Bulgarian Embassy also requested information about the method of payment of the debt in order that Bulgarian ships may use the canal without hindrance. (R FBIS Ticker Belgrade, 25 Oct 52)

Comment: The Czechoslovak Shipping Company is the only Orbit company which paid its towage fees in advance before the 21 October deadline set by Yugoslavia. Since the Yugoslavs announced their assumption of the full administration of the Iron Gates canal and its towing service, they have stopped the Rumanians from using a tug owned by the Iron Gates administration to tow Rumanian barges through the canal. The Yugoslav home radio has commented on a Bulgarian ship taking an hour and a half to go through the canal using only its own tug.

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8. Bulgarian border violations reported by Yugoslav radio:  
According to a Yugoslav Home Service broadcast, seven and possibly eight Bulgarian aircraft, including a MIG-15, violated Yugoslav airspace in the vicinity of Dimitrovgrad (Caribrod) on the morning of 26 October. At the same time, Bulgarian forces reportedly opened fire on a Yugoslav frontier post northeast of Dimitrovgrad. (R FBIS Ticker Belgrade, 26 Oct 52)

Comment: The Dimitrovgrad area is particularly sensitive in that it lies at the Yugoslav border gateway along the principal route connecting Sofia and Belgrade. Violations of the border may have resulted from Bulgarian attempts at aerial reconnaissance, or as a result of military activities in the major Bulgarian maneuver areas lying adjacent to the Yugoslav border both to the north and south of Dimitrovgrad.

The Yugoslav Foreign Ministry recently announced that it will lodge a sharp protest against a similar airspace violation allegedly committed by Hungarian MIG-15's on 21 October.

9. Yugoslav interior security troops may be disbanded:  
In separate conversations, two Yugoslav officers have told the US Army Attache that the interior troops of the KNOJ, Yugoslavia's security force, have been disbanded recently. Allegedly, they are no longer needed because resistance groups in the mountains have been eliminated.

The attache comments that, if true, this would result in the reassignment of about 20,000 men from four interior KNOJ divisions to the Yugoslav Army. However, he states that information as late as this September indicated the existence of interior KNOJ battalions. (S USARMA Belgrade YUG 933, 23 Oct 52)

Comment: There have been rumors that the elite KNOJ units were to be inactivated. If true, the explanation is probably that Tito feels safe in relying upon the personal loyalty of his regular army personnel and the 40,000 militia to eliminate organized anti-regime activity. The disbanding of interior KNOJ troops would be an economy, would be "evidence" of the regime's ostensible trend toward democratic methods, and would remove an organization which might be vulnerable to infiltration by pro-Stalin agents.

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The KNOJ has been a typical Soviet-type security force with military training and equipment. It recently was estimated to number 58,000 officers and men organized into 4 divisions, 6 brigades and miscellaneous elements.

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FAR EAST

10. South Koreans announce ousting of Japanese technicians:  
Radio Pusan on 27 October announced that the South Korean Government has decided to send back the Japanese technicians now employed at various Korean ports and to replace them with Korean specialists. Various categories of South Korean technicians such as radio operators and salvage-ship operators were requested to register immediately with the government. (R FBIS Pusan, 27 Oct 52)

Comment: This is a unilateral announcement on the part of the South Korean Government and will serve further to confuse or embitter Korean-Japanese-United Nations Command relations. The Japanese technicians are currently under contract to UNC and not the South Korean Government. The UNC, however, has proposed that a gradual reduction of Japanese take place along with the training of Koreans.

Japanese policy in Korea prior to World War II prevented the development of a reservoir of technicians. This situation has been further aggravated by the Korean war.

- 25X1C 11. Rhee to continue cabinet reshuffling: [redacted] 25X1C  
[redacted] Paek Nak-jun (George Paek), ROK Minister of Education, has offered his resignation to President Rhee and urged that it be accepted. Paek reportedly desires to be appointed ROK envoy to the UNESCO sessions convening soon in Paris.

Reportedly Home Minister Chin Hon-sik is also to be dropped from the cabinet. A possible replacement for him is rumored to be Yun Chong-hun or Yi Hwal, both strong Rhee supporters. [redacted]

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Comment: Incumbent Home Minister Chin was appointed during Rhee's drive to undermine the growing influence of former prime minister Chang Taek-san and former home minister Kim Tae-sun. His dismissal in favor of more stalwart Rhee adherents is probable.

George Paek is the senior Minister in Rhee's cabinet. He has generally been able to remain out of the main stream of the South Korean political turmoil.

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12. Chinese Communists concerned over possible Nationalist invasion: The Chinese Communists expect an early invasion of mainland China by the Nationalists from Formosa, according to continuing reports received by the American Consul General in Hong Kong. These reports suggest that the new invasion precautions which have been taken in many coastal cities are a result of fear aroused by Nationalist aerial reconnaissance and guerrilla raids in sensitive areas. (S Hong Kong 1041, Joint Weeka 40, 24 Oct 52)

Comment: The recent large-scale Nationalist raid on Nan Jih Island, off the Fukien coast about 80 miles northeast of Amoy, may have been regarded by the Communists as a prelude to invasion of the mainland.

SOUTHEAST ASIA

13. Extension of South China railroad into Indochina rumored: A Hong Kong newspaper reported that the Hunan-Kwangsi railway had been extended to the Indochina border on 7 November and subsequently to the Viet Minh border town of Dong Dang. (R FBIS Hong Kong, 24 Oct 52)

Comment: This report is unconfirmed. Previously, the line was known to terminate at Pinghsiang, ten miles from the border. An extension of the line into Viet Minh territory would not greatly increase its capacity to deliver military supplies. On the other hand, the new terminal would be vulnerable to French bombing.

SOUTH ASIA

14. Indian checkpoints on Tibetan border appear ineffective:  the US Military Attache in New Delhi has described an Indian police checkpoint at Nilang (31-03N, 79-15E) in northernmost Uttar Pradesh State, along the Indo-Tibetan border. The personnel at the post are a sub-inspector, ten armed police, ten unarmed police, and two wireless operators. According to the sub-inspector, the establishment is designed to maintain normal security, not to antagonize the Chinese, and its total armament consists of ten .303 rifles.

SECRET

SECRET

The Nilang police are responsible to the Indian Home Ministry rather than to the state government or police, and they report directly to New Delhi three times daily. One sentry on a hilltop watches for persons attempting to infiltrate the post, and all persons passing through Nilang are finger-printed and required to fill out a long questionnaire.

Morale at Nilang is low because of its isolated position, and the police are lax in carrying out their duties. (S US ARMA India R-304-52, 20 Aug 52)

Comment: Nilang post, which is probably typical of the 12 reportedly established along the Uttar Pradesh border, is located in an area where Chinese Communists have laid claim to Indian territory. Its effectiveness can be judged from the fact that one sentry stands guard during the day, while there is presumably none at night. The post apparently relies on traders for its information about Tibet.

15. Indian leftists to raise no-confidence motion against government in Travancore-Cochin State: The Communist opposition leader of the Travancore-Cochin State Legislative Assembly has given notice of a no-confidence motion to be introduced against the Congress Party government, according to the Indian press. Although he claims this motion will be supported by the Socialists, the United Leftist Front, and five Independents, Congress Party circles appear confident that their government will survive the test. (U New Delhi 1729, 25 Oct 52)

Comment: This time-consuming type of harassment is faced by the Congress Party in states where its majority is slim. A no-confidence motion raised in Rajasthan as recently as 17 October was defeated on the 21st.

Since the opposition in Travancore-Cochin has approximately 48 members, while the Congress Party can muster 60 votes, it appears that the government will weather the crisis.

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NEAR EAST - AFRICA

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16. Relationship of Tudeh and the Azerbaijan Democratic Party: A Tudeh document [redacted] in early 1952 indicates that the Tudeh Party as such does not operate in Azerbaijan, but leaves all revolutionary activity there in the hands of the Azerbaijan Democratic Party. Tudeh recognizes Azerbaijan as a separate nation which must have a party of its own that "adheres to its national aspect while keeping the leadership with the Communists." According to the document, Tudeh supports the movement for an independent Azerbaijan and Kurdistan because it weakens the central governments of Turkey, Iraq and Iran and is "within the framework of world revolution."

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[redacted]

Comment: Other information indicates that the Azerbaijan Democratic Party, although apparently responsible for Communist activity in Azerbaijan, is only semi-autonomous and may actually be under the direction of the Tehran Provincial Committee of the Tudeh. In September 1952 it was reported that Azerbaijan Democratic activity was to be stepped up and that attacks on the United States, particularly on Point IV, were to have priority.

17. Deteriorating political situation confronts Iraqi Regent: Four political parties in Iraq are reportedly ready to boycott the forthcoming elections if the Regent turns down a series of reforms, [redacted]

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[redacted] palace officials in Baghdad have resolved to bring the deteriorating political situation to the attention of the Regent. [redacted]

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Comment: Parliament was dissolved on 27 October. Iraq, now governed by a caretaker government, awaits the decision of the Regent on the date of the elections, which will be held shortly, on whether there are to be reforms, and on the make-up of the caretaker cabinet which will conduct the elections. The political parties threatening a boycott are extremists and their demands for electoral reforms have had the backing of the Communists.

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SECRET

These reports indicate that the political pressures which have been causing upheavals in Syria, Jordan, Egypt and Lebanon may also be powerful in Iraq.

18. Egypt's participation in MEDO depends on British evacuation of Suez: General Nagib and the Egyptian Foreign Minister have informed the Turkish Ambassador in Cairo that Egyptian participation in MEDO is impossible as long as British troops remain in the Suez area. Nagib stated that while he would not be "so foolish as the Wafd" and fight the British, he could not accept anything short of British evacuation of the canal zone.

The general stated that it was in Egypt's interest to enter an organization such as MEDO, but also pointed out the disadvantages which he believed Egypt would suffer in joining. Its participation, he said, would induce the other Arab countries to follow suit. If Egypt subsequently withdrew, other countries, particularly Syria and Iraq, might remain and Egypt would then be isolated.

Nagib informed the Turkish Ambassador, however, that he would continue studying the question of participation and discuss the matter with him in two or three weeks. (S Ankara 543, 24 Oct 52)

Comment: This is the clearest statement to date of the Egyptian military regime's attitude on the withdrawal of British troops from the canal zone. It is also the first suggestion that the Cairo government might not join MEDO even if Britain evacuated the Suez area.

19. General Nagib's moderate policy reportedly hampered by lack of Western aid: General Nagib is quoted as complaining that he has not yet received any advantage from his friendly policy toward the West, and consequently is experiencing difficulty in controlling the nationalist members of his cabinet, who he says are inclined to favor Russia.

Nagib cited his failure to obtain jet aircraft and the release of 5,000,000 pounds from Great Britain as handicaps that make it difficult for him to convince extremists in the cabinet that a pro-Western policy is worthwhile.

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According to [redacted] Nagib gave this information to an intermediary with the apparent intention that it be relayed to Great Britain. (S London 2432, 25 Oct 52)

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Comment: The British Cabinet is expected to decide shortly whether to release some of the 65 jet aircraft ordered by Egypt. Release of the 5,000,000 pounds is still under discussion.

20. Egyptian military reportedly to propose visit from King Idris of Libya: A member of the Egyptian Army inner circle, Squadron Leader Hassan Ibrahim, will go to Libya to invite King Idris to visit Egypt, [redacted]

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Comment: Egypt's relations with Libya were not good under former King Farouk. There are indications that both the Cairo regime and the Libyan King are now interested in improved relations between the two countries.

21. Chances of South African withdrawal from UN considered reduced: The South African Secretary of External Affairs has told American Embassy officials that chances of South Africa's withdrawing from the United Nations had been reduced because Commonwealth countries had rallied to the Union's support against United Nations interference in its racial policies. (S Pretoria 111, 25 Oct 52)

Comment: This statement by the ranking permanent civil servant indicates a belief that support from Britain and the white Commonwealth nations will be sufficient to prevent a UN investigation of South African racial policies.

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SECRET

WESTERN EUROPE

22. Monnet disapproves proposal for Council of Europe observers in CSC Assembly: President Monnet of the Coal-Steel Community High Authority has asked his legal staff to prepare a paper for the CSC Council of Ministers emphasizing the undesirable and illegal aspects of the British proposal for Council of Europe observers in the CSC Assembly. He points out that these observers would have the privilege of speaking without the responsibility of voting. (C Paris POLTO 500, 21 Oct 52)

Comment: Members of the Council of Europe, such as Great Britain and Sweden, want observers in the CSC Assembly to protect their interests in the buying and selling of coal and steel. They apparently fear that CSC decisions could injure their economies just as Monnet fears that observers could unduly jeopardize the supranational character of the Community.

Monnet has, however, agreed to "association" at the technical level between Great Britain and the High Authority in the form of a joint committee whose first meeting will be held on 16 November.

23. Austrian occupation costs payments set for 1953: The four Deputy High Commissioners have agreed that the Austrian Government shall pay each of the occupation powers 151,000,000 schillings during 1953. The American Embassy in Vienna believes that the agreement, which extends the 1952 decision, will probably be accepted without further discussion by the High Commissioners at the next meeting of the Allied Council. (R Vienna 1148, 25 Oct 52)

Comment: While the early agreement on the 151,000,000 schilling figure appears to have minimized Soviet opportunities for posing as the "least demanding" of the occupying powers, the absence of any reduction in the occupation burden is likely to provoke a sharp Austrian reaction. American officials have previously warned that this has become "an emotional issue," and current economic problems and the forthcoming election make likely a sharper than usual Austrian protest.

24. Austrian cabinet crisis tied to control over public investments: American officials in Vienna consider that the "fundamental difference" between the coalition parties in the current Austrian cabinet crisis is the Socialist demand for the abandon-

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ment of previous budget provisions authorizing the Minister of Finance to cut back public investments when insufficient resources are available. Since some of these investments will "theoretically" be financed from foreign loans which may not be forthcoming, these provisions give the Finance Minister, a member of the People's Party, decisive authority over expenditures normally controlled by the Socialists. Other disagreements over specific expenditures, federal contributions to social security funds, provincial allocations to the federal budget, and increases in the housing construction tax are believed to be subsidiary.

American observers in Vienna believe that either a modified 1953 budget draft or the 1953 budget estimate may be provisionally accepted by a caretaker government; the formulation of the real 1953 budget would then become the main task of the new government. (S Vienna TOMUS 255, 24 Oct 52)

Comment: Negotiations between coalition leaders are continuing in the period of grace provided by President Koerner's refusal to accept the cabinet's resignation and his convenient absence from Vienna. While reasonable restraint appears to characterize public comment, both parties are claiming American sympathy for their respective budgetary views.

25. Italy's proposed defense expenditures seen insufficient for armed forces goals: Basing their recommendation on an analysis of Italy's proposed military expenditures for 1953 and 1954, MSA officials in Rome have suggested that Italian army and air force goals for those years be reduced. The present goals appear too high in relation to planned expenditures, which will not meet combined NATO and national needs even with continued MDAP assistance. The MSA Mission adds that there is no hope of securing additional defense appropriations prior to the next year's national elections.

The MSA Mission concludes that, despite adverse political and possibly inflationary and psychological factors, Italy's economy can support the military goals recommended by NATO. (S Rome 1803, 21 Oct 52)

Comment: Italy's rearmament progress in 1953-1954 will probably be better than indicated by the MSA analysis since Finance Minister Pella has promised additional military appropriations subsequent to the national elections, which the military establishment will be allowed to draw on even before their actual passage by parliament. However, some military observers now believe that a reduction in military goals might enable Italy to achieve a more efficient military establishment.

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26. Italian concern over American policy toward Yugoslavia conveyed to SHAPE: General Marras, the Italian Chief of Staff for Defense, emphasized to General Ridgway in a recent visit to SHAPE that his government was "most disturbed" over United States policy toward Yugoslavia. Italy felt very strongly that American military aid to Tito is entirely out of proportion and that American actions are making the Yugoslavs progressively more obdurate on the Trieste issue. (S Paris 2535, 24 Oct 52).

Comment: Italy can be expected to continue to bring these views to the attention of the United States in an effort to obtain Western pressure on Yugoslavia and thereby improve its own position on the Trieste issue.

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**TOP SECRET**

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**WESTERN EUROPE**

1. Paris Embassy comments on problems hindering French ratification of EDC: The American Embassy in Paris finds "exaggerated" Premier Pinay's statement that the National Assembly's objections to the EDC treaty could easily be overcome if the proposed American aid to France for 1953 were increased from \$525,000,000 to \$650,000,000. The Embassy considers that the problem of British association with the EDC, the Saar issue, and the question of the EDC treaty's constitutionality, as well as general fear of German rearmament and of Germany's withdrawal from the EDC, will all remain important factors until the EDC debate ends.

The Embassy agrees with Pinay that the strongest argument of the EDC's opponents is that France could not match the German defense contribution because of the drain of Indochina. It adds that the problem of providing an adequate defense contribution in Europe while continuing the war in Indochina would be one of Pinay's principal problems, and consequently an important French-American problem, even if there were no question of EDC ratification this year. (S S/S Paris 2556, 24 Oct 52)

Comment: Ultimate French ratification of the EDC treaty hinges on whether Pinay's diplomatic gains in the next few months reassure the National Assembly on France's ability, with American support, to hold its own against Germany in the emerging Community of Six.

28 Oct 52

**TOP SECRET**

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